THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Yes, Sir.

(b) Sixth Central Pay Commission has extended to existing pensioners/family pensioners, the fitment formula recommended for serving employees. Higher rate of pension has been recommended for retirees/family pensioners on attaining the age of 80,85,90,95 and 100 years.

(c) Existing pensioners have been allowed fitment benefit which is consistent with the fitment benefit being allowed in case of the existing employees.

(d) Does not arise in view of the above.

Closure of Banks in Rural Areas

3035. SHRIMATI SHOBHANA BHARTIA:
SHRI HARISH RAWAT:

Will the Minister of FINANCE be pleased to state:

(a) whether a large number of rural branches of scheduled commercial banks have been closed down in the country during the past few years;

(b) if so, the details thereof;

(c) whether the closure of bank branches in rural areas have affected the growth of rural areas; and

(d) if so, the reasons for closure of bank branches in rural areas?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (d) As per data furnished by RBI, the number of 'Rural' branches of Scheduled Commercial Banks have reduced from 32,244 (as on 30.6.2003) to 30,628 (as on 30.6.2007). At the same time, the 'Semi-Urban' branches have increased from 14,904 to 16,296, 'Urban' branches from 10,733 to 12,914 and 'Metropolitan' branches from 8,744 to 11,913.

The reduction in the number of rural branches is not necessarily on account of closure of rural branches. Based on population category, the banks are classified in four group i.e. 'Rural' (upto 9999 population), 'Semi-Urban' (from 10,000 to 99,999 population), 'Urban' (from 1 lakh to 9,99,999 population) and 'Metropolitan' (10 lakh and above population). Earlier the bank branches were classified based on the 1991 Census and these have now been reclassified by the RBI on the basis of the 2001 Census (made effective 2006 onwards). Therefore, the branches, which were earlier classified as 'Rural' as per 1991 Census data, may have moved into a higher population category on account of increase in population of the respective centres resulting in the re-classification of the branch into 'Semi-Urban'.

Besides, apart from re-classification due to increase in population of the particular centre, there are also instances where certain centres, which were earlier classified as 'Rural', were brought into the jurisdiction of the adjoining Municipality/Municipal Corporation and thus classified as 'Urban'/'Metropolitan' depending on the population of the Municipality/Municipal Corporation.

Under the extant Branch Authorisation Policy of RBI, closure of even loss making branches in rural centres having a single commercial bank branch (excluding Regional Rural Bank branch) is not permitted, as the closure would render the centre unbanked. The proposals for closure of a rural branch at a centre served by more than one commercial bank branch are required to be submitted to RBI by banks in the Annual Branch Expansion Plan after obtaining approval of District Consultative Committee (DCC). RBI considers these proposals on a case-to-case basis and closure of rural branches is approved only under exceptional circumstances like adverse law and order problem, natural calamities etc.

To ensure greater financial inclusion, especially in the rural areas and for increasing the outreach of the banking sector, RBI has permitted banks to provide banking services using the services of Business Facilitator/Business Correspondents. In rural centres, where it is felt that there is limited business potential for opening a bank branch, banks have started reaching out by providing banking services based on smart card technology.

External Commercial Borrowing

3036. SHRI C. RAMACHANDRAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether the Ministry has imposed restrictions on External Commercial Borrowings (ECBs) which the Indian companies use to raise their capital;

(b) if so, why such an initiative has been taken when the industry sector has been witnessing low growth rates compared to the previous years;

(c) whether any other incentives would be given to the sector to overcome the said bottleneck;

(d) if so, the details thereof; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) The inflows of capital have been moderated through ECB by modifying some aspects of the policy effective from August 7, 2007, *i.e.* (i) ECB up to USD 500 million per borrower company per financial year has been permitted only for foreign currency expenditure *viz.* import of capital goods and/or overseas acquisition, for permissiable end-uses of ECB both under the Automatic and Approval Route. (ii) Borrowers proposing to avail of ECB upto USD 20 million for rupee expenditure for permissible end-uses would require prior approval of the Reserve Bank under Approval Route. Such an initiative has been taken on the recommendation of RBI as part of its monetary policy.

(c) to (e) ECB policy is reviewed continuously by the Government in consultation with the Reserve Bank of India, keeping in line with the evolving macro-economic situation, changing market conditions, sectoral requirements, developments in the external sector and the lessons of experience. There is, however, no such proposal at present to give any incentive to specific sector.